

The recent earthquake and consequent tsunamis in South Asia has placed the world's focus on international aid and the way it is delivered.

Media focus since then has been on non-government organisations and how they use the money donated by the public. Whilst the public generosity has been remarkable, donating over \$260 million¹ to date, little critical thought has been given to the Australian government's response.

Australia has a long history of supporting the interests of Australian business through its aid program.

Fig1: Top 10 Recipients of Australian aid Contracts 2003/04¹

Ranking	Contractors	Total Number of Contracts	Value of Contracts (\$ Million)
1	ACIL	31	323.31
2	Sagric	22	297.4
3	Hassall	19	238.58
4	GRM	19	195.67
5	IDP Education Australia Ltd	11	176.76
6	Melbourne Uni. Private Limited	13	135.59
7	IDSS	7	109.46
8	URS	13	101.39
9	Sinclair Knight Merz Pty Ltd	21	71.43
10	GHD Pty Ltd	8	63.79
	Total of Top 10	156	1713.38
	Total of AusAID	1140	3366.07
	% Top 10/AusAID	13.68%	51%

While it is a common conception that aid is a tool for benevolence and altruism, the Australian government has continued to subsidise Australian business and promote our own 'national interest' over the interests of recipient countries through our aid program. Over 40% of Australian aid is officially "tied", which translates to Australian taxpayers supporting Australian business and delivering aid that institutions such as the World Bank estimate to be 20-25% more expensive than untied aid.

Who gets the aid dollars?

The most recent AusAID statistics illustrate the trend for the majority of Australian aid contracts to go to a small number of Australian companies. As the figures above illustrate, although these companies are involved in a minority of the actual contracts (less than 14%), they are still receiving over 50% of the value of all ongoing contracts.

Key players in the business of aid delivery are ACIL, SAGRIC, Hassall and GRM. Together they are managing over \$1 billion of aid contracts – more than the Australian government has pledged to the tsunami-hit area of Aceh.

Aid for profit

These businesses operate on a "for profit" basis and continue to make huge money out of what most Australians believe is a humanitarian exercise. They also operate under "commercial in confidence" clauses that mean that very little information about their activity is on the public record.

¹ ACFID, Asia Earthquake and Tsunamis Appeal Guide. <http://www.acfid.asn.au/campaigns/asiaearthquake.htm> Feb 18th 2005.

Sagric, the second largest aid recipient, with almost \$300 million of contracts ongoing in 2003/04, were bought out by another large aid contractor and publicly listed company, Coffey Pty Ltd, in March 2000. In 2003-04 Coffey shareholders made over \$4.3 million² from its international development business, largely funded by Australian taxpayers. Kerry Packer, one of Australia's richest men, also reaps huge benefits from the aid program through his company GRM, with contracts approaching \$200 million.

Australian aid to PNG: the boomerang that keeps on coming back

Top 6 recipients of AusAID contracts 2003/04 in PNG¹

Ranking	Contractors	Total Number of Contracts	Value of Contracts (\$ Million)
1	ACIL Aust. Pty Ltd	7	136.62
2	IDP Education Australia Ltd	3	133.66
3	SAGRIC International Pty Ltd	7	83.94
4	AusAID PNG Roads	2	60.37
5	GRM International	3	47.88
6	IDSS	1	42.48
Total of Top 6		23	504.95
Total of AusAID in PNG		142	771.87
% Top 6 in PNG/AusAID		16.2 %	65.42%

Papua New Guinea, historically Australia's largest aid recipient, has received over \$15 billion of Australian aid since it achieved independence in 1975. Unfortunately, this money appears to have had little significant positive impact for most people who live there. Human Development Indicators (HDI) in PNG have improved only minimally in the last 30 years.

The Australian government blames everyone else for this failure, yet takes no responsibility itself. Corruption is an issue in PNG but there remains little recognition that the majority of funds that have greased the wheels of corruption have come from Australia.

What Australian aid money has done in PNG is produce a band of Australian consultants and businesses that make huge dollars from the delivery of aid. A recent OECD publication noted that 25% of the substantial allocation Australia makes to the health sector in PNG (the AusAID funded HIV/AIDS project is budgeted at \$60 million alone) is used up in wages and costs for foreign staff (222 of 264 staff were from outside PNG)³. The report also warns that the reliance on expatriate staff increases the risk of lack of ownership for projects and undermining the potential for PNG expertise to develop.

In the light of such evidence, it appears that the victims of the Asian tsunami may not be the primary beneficiaries of Australia's aid commitment to the region.



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² Coffey, Memorandum, Results for year ended June 30th 2004, 23rd August 2004.

³ OECD, DAC Peer Review, Australia, page 95. (Feb 2005).